



STATE BOARD OF EQUALIZATION

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No. 88/44

TO COUNTY ASSESSORS:

TRANSFERS OF RENTAL MOBILEHOME PARKS TO TENANT OWNERSHIP  
SENATE BILL 298 - 1987

Chapter 1344 of the Statutes of 1987 (Senate Bill 298) is an urgency statute and is effective on September 29, 1987. This chapter amends Section 62.1 of the Revenue and Taxation Code in the following areas:

- (1) It deleted the reference to Health and Safety Code, Section 50561, in subdivision (a).
- (2) It extends the sunset date for subdivision (a) from January 1, 1989 to January 1, 1994.
- (3) It adds subdivision (d) which states that the legislative intent is to apply subdivision (a) to all bona fide transfers of rental mobilehome parks to tenant ownership.

Deletion of the Health and Safety Code reference has the effect of removing the requirement that the entity formed by the tenants of the park for the purposes of purchasing it must be formed for the purpose of converting the park to condominium or stock cooperative ownership interests. Now, any bona fide transfer of a rental mobilehome park to tenant ownership in the form of a nonprofit corporation, etc., qualifies for the change in ownership exclusion provided by Section 62.1. Not only are transfers of such mobilehome parks excluded from the definition of change in ownership as of the effective date of this bill, September 29, 1987, but also the provisions of this bill apply retroactively to all such mobilehome park transfers on or after January 1, 1985. This is a change from the previous position of the Board as outlined in assessors' letter 86/52 in that conversion to condominium or stock cooperative ownership is no longer a required condition for the exclusion.

The question now is what is the proper treatment of subsequent transfers of individual ownership interests in the mobilehome park with ownership form other than the condominium or stock cooperative forms which we discussed in assessors' letter 86/52. At this time, many of the conversions of a mobilehome park into tenant ownership are in the form of a nonprofit corporation. Since these parks are in the ownership form of a corporation, the applicable change in ownership laws and regulations provide that no

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part of the park is reappraised when an individual share, membership, or other ownership interest in the nonprofit corporation is transferred. The Board has sponsored legislation which attempts to address this problem on a prospective basis only; transfers during 1988 would not be affected.

Enclosed is a copy of Senate Bill 298 for your information. If you have any questions, please contact our Real Property Technical Services Unit at (916) 445-4982.

Sincerely,



Verne Walton, Chief  
Assessment Standards Division

VW:sk  
Enclosure